

AMENDED IN ASSEMBLY APRIL 22, 2008

AMENDED IN ASSEMBLY APRIL 3, 2008

AMENDED IN ASSEMBLY MARCH 28, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2925**

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**Introduced by Assembly Member Davis**

February 22, 2008

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An act to amend Sections 17980 and 17991 of, and to add Section 17994 to, the Health and Safety Code, relating to housing.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2925, as amended, Davis. Substandard buildings: new ownership interest: registration.

(1) The State Housing Law regulates buildings used for human habitation and requires specified local agencies to enforce building standards.

Under existing law, if any sale or other transfer of property to a 3rd party occurs during the period between the issuance of a notice of violation relating to substandard buildings and the abatement of the violation, or any administrative or judicial actions related thereto, the transferor is required to record a Notice of Conveyance of Substandard Property with the county recorder where the property is located, within 5 days after the sale or transfer occurs, identifying the name and address of the buyer or transferee. The notice is required to be executed with a signature that the information is true and correct, under penalty of perjury.

Under existing law, any person who obtains an ownership interest in any property after a notice of pendency of an action or proceeding

relating to substandard buildings was recorded with respect to the property is subject to any order to correct the violation, including time limitations, specified in the citation or other notice of violation.

This bill would require a person or entity that has an ownership interest in a property for which an enforcement agency has recorded with the county recorder, on or after July 1, 2009, any of specified documents relating to substandard building violations to provide that enforcement agency with specified information and documents. *The bill would authorize the enforcement agency to impose a fee in an amount sufficient to cover its costs for processing the submitted information.* The bill would impose a state-mandated local program by imposing additional duties upon enforcement agencies.

The bill would impose specified civil penalties for failure to comply with these reporting requirements. The bill would authorize a public prosecutor to bring a civil action seeking a civil penalty, and provide that the civil penalty shall be a lien on the property and enforceable as a civil judgment.

The bill would exempt from these provisions real property owned by a governmental entity and real property owned by a financial institution, as specified, that has a recorded deed of trust on the real property and acquires possession of the real property pursuant to the terms and conditions of the loan. The bill would further provide a 60-day exemption for a lender, as defined, to comply with these provisions.

The bill would also delete a notice requirement specific to Los Angeles County.

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 17980 of the Health and Safety Code is  
2 amended to read:

3     17980. (a) If any building is constructed, altered, converted,  
4 or maintained in violation of any provision of, or in violation of,  
5 any order or notice that gives a reasonable time to correct that  
6 violation issued by an enforcement agency pursuant to this part,  
7 the building standards published in the California Building  
8 Standards Code, or other rules and regulations adopted pursuant  
9 to this part, or if a nuisance exists in any building or upon the lot  
10 on which it is situated, the enforcement agency shall, after 30 days'  
11 notice to abate the nuisance or violation, or a notice to abate with  
12 a shorter period of time if deemed necessary by the enforcement  
13 agency to prevent or remedy an immediate threat to the health and  
14 safety of the public or occupants of the structure, institute any  
15 appropriate action or proceeding to prevent, restrain, correct, or  
16 abate the violation or nuisance.

17     (b) (1) Whenever the enforcement agency has inspected or  
18 caused to be inspected any building and has determined that the  
19 building is a substandard building or a building described in Section  
20 17920.10, the enforcement agency shall commence proceedings  
21 to abate the violation by repair, rehabilitation, vacation, or  
22 demolition of the building. The enforcement agency shall not  
23 require the vacating of a residential building unless it concurrently  
24 requires expeditious demolition or repair to comply with this part,  
25 the building standards published in the California Building  
26 Standards Code, or other rules and regulations adopted pursuant  
27 to this part. The owner shall have the choice of repairing or  
28 demolishing. However, if the owner chooses to repair, the  
29 enforcement agency shall require that the building be brought into  
30 compliance according to a reasonable and feasible schedule for  
31 expeditious repair. The enforcement agency may require vacation  
32 and demolition or may itself vacate the building, repair, demolish,  
33 or institute any other appropriate action or proceeding, if any of  
34 the following occurs:

35     (A) The repair work is not done within the period required by  
36 the notice.

37     (B) The owner does not make a timely choice of repair or  
38 demolition.

1 (C) The owner selects an option which cannot be completed  
2 within a reasonable period of time, as determined by the  
3 enforcement agency, for any reason, including, but not limited to,  
4 an outstanding judicial or administrative order.

5 (2) In deciding whether to require vacation of the building or  
6 to repair as necessary, the enforcement agency shall give preference  
7 to the repair of the building whenever it is economically feasible  
8 to do so without having to repair more than 75 percent of the  
9 dwelling, as determined by the enforcement agency, and shall give  
10 full consideration to the needs for housing as expressed in the local  
11 jurisdiction's housing element.

12 (c) (1) Notwithstanding subdivision (b) and notwithstanding  
13 local ordinances, tenants in a residential building shall be provided  
14 copies of any of the following:

15 (A) The notice of any violation described in subdivision (a) that  
16 affects the health and safety of the occupants and that causes the  
17 building to be substandard pursuant to Section 17920.3 or in  
18 violation of Section 17920.10.

19 (B) An order of the code enforcement agency issued after  
20 inspection of the premises declaring the dwelling to be in violation  
21 of any provision described in subdivision (a).

22 (C) The enforcement agency's decision to repair or demolish.

23 (D) The issuance of a building or demolition permit following  
24 the abatement order of an enforcement agency.

25 (2) Each document provided pursuant to paragraph (1) shall be  
26 provided to each affected residential unit by the enforcement  
27 agency that issued the order or notice, in the manner prescribed  
28 by subdivision (a) of Section 17980.6.

29 (d) All notices issued by the enforcement agency to correct  
30 violations or to abate nuisances shall contain a provision notifying  
31 the owner that, in accordance with Sections 17274 and 24436.5  
32 of the Revenue and Taxation Code, a tax deduction may not be  
33 allowed for interest, taxes, depreciation, or amortization paid or  
34 incurred in the taxable year.

35 (e) The enforcement agency may charge the owner of the  
36 building for its postage or mileage cost for sending or posting the  
37 notices required to be given by this section.

38 SEC. 2. Section 17991 of the Health and Safety Code is  
39 amended to read:

17991. (a) The sale or other transfer of property to a third party shall not render moot an administrative or judicial action or proceeding pursuant to this article, including an action under Section 17982, instituted by an enforcement agency, or a receiver on behalf of an enforcement agency, against the owner of record on the date a citation for, or other notice of, a violation of this part was issued.

(b) In the event of any sale or other transfer of property to a third party during the period between the issuance of the notice of violation and the abatement of the violation, or any administrative or judicial actions related thereto, within five days after the sale or transfer occurs, the transferor shall record a Notice of Conveyance of Substandard Property with the county recorder where the property is located, identifying the name and address of the buyer or transferee and executed with a signature that the information is true and correct, under penalty of perjury.

(c) In the event of any sale or other transfer of property, other than a property that is subject to Section 17994, to a third party during the period between the issuance of the notice of violation and the abatement of the violation, or any administrative or judicial actions related thereto, the transferor shall provide all of the following information to the enforcement agency within five days after the sale or transfer occurs:

(1) If the seller or transferor is not an individual person, the name, address, and driver's license number or identification card number of each individual who has an interest in excess of 5 percent in the entity that is selling or transferring the property.

(2) If the buyer or transferee is an individual person, the name, address, and driver's license number or identification number of that individual.

(3) If the buyer or transferee is not an individual person, the name, address, and driver's license number or identification card number of each individual who has an interest in excess of 5 percent in the entity that is the buyer or transferee of the property.

SEC. 3. Section 17994 is added to the Health and Safety Code, to read:

17994. (a) This section applies to a property for which an enforcement agency has recorded with the county recorder any of the following documents on or after July 1, 2009:

1 (1) A notice of pending action pursuant to Section 17985 *for*  
2 *violations of Section 17920.3 or 17920.10 that endanger the life,*  
3 *limb, health, safety, or welfare of a member of the public or an*  
4 *occupant of the property.*

5 (2) A notice of substandard conditions or a notice of substandard  
6 building pursuant to a local ordinance.

7 (3) A document stating that a building is uninhabitable.

8 (b) A person who has an ownership interest in a property that  
9 is subject to this section shall provide the enforcement agency with  
10 all of the following on an annual basis, until the enforcement  
11 agency determines that the condition has been corrected:

12 (1) A notarized document containing the following information:

13 (A) The person's name.

14 ~~(B) The names of any coowners.~~

15 ~~(C)~~

16 (B) The address of any person identified under subparagraph  
17 ~~(A) or (B)~~. The address shall not be a post office box or other  
18 mailbox number. If the property is vacant, the address provided  
19 under this paragraph shall not be the address of the property.

20 ~~(D)~~

21 (C) The telephone number, fax number, and e-mail address of  
22 any person identified under subparagraph ~~(A) or (B)~~.

23 ~~(E)~~

24 (D) The address of the subject property.

25 ~~(F)~~

26 (E) The date of the transfer.

27 (2) An identification document, and the expiration date of that  
28 document. The identification document shall contain the name,  
29 date of birth, description, and picture of the person, and shall be  
30 issued by the federal government, the State of California, another  
31 state, a county, a municipal government, or another country as  
32 provided in this paragraph. The identification document may be,  
33 but is not limited to, a driver's license, an identification card, or  
34 an identification card issued to a member of the United States  
35 Armed Forces. The identification document may also be a consulate  
36 identification card issued by another country to its citizens and  
37 nationals, if that identification card has been approved as valid  
38 identification by the city or county where the property is located,  
39 or a passport issued by a foreign government.

1 (c) (1) One plan of correction shall be submitted to the  
2 enforcement agency for the substandard conditions that includes  
3 estimates of a timeline, costs of repair, and available financial  
4 resources, or a demolition plan that is in compliance with local  
5 law, and includes estimates of a timeline and, if applicable,  
6 relocation of tenants. Proof of liability insurance, if any, shall also  
7 be provided. The information required under this subdivision shall  
8 be submitted to the enforcement agency on an annual basis and  
9 may be submitted by personal service, facsimile, electronic mail,  
10 or United States mail. If the United States mail is utilized, the  
11 information shall be placed in the mail five days or more prior to  
12 the due date.

13 (2) The enforcement agency may impose a fee in an amount  
14 sufficient to cover its costs for processing the information  
15 submitted under paragraph (1).

16 (3) *The plan of correction shall be recorded by the enforcement*  
17 *agency with the county recorder, and any corrective actions that*  
18 *have been taken may also be recorded with the county recorder.*

19 (d) If the entity that has an ownership interest in the property  
20 is a corporation, limited liability company, partnership, limited  
21 partnership, trust, or real estate investment trust, the information  
22 required under subdivision (b) shall be supplied for the following  
23 persons:

24 (1) For a corporation, a corporate officer.

25 (2) For a limited liability company, the managing or  
26 administrative member.

27 (3) For a partnership or a limited partnership, limited and general  
28 partners.

29 (4) For a trust, a trustee.

30 (5) For a real estate investment trust, a general partner or an  
31 officer.

32 (e) (1) The enforcement agency, upon request, may disclose to  
33 the subject property's tenants, the name and address of the person  
34 or entity that acquires an ownership interest in the property.

35 (2) The enforcement agency shall not disclose to a member of  
36 the public the information furnished under subparagraph ~~(D)~~ (C)  
37 of paragraph (1) of, or paragraph (2) of, subdivision (b), or  
38 subdivision (c), unless so ordered by a court of competent  
39 jurisdiction.

(f) Notwithstanding Chapter 6 (commencing with Section 17995), a person or entity that fails to comply with this section or knowingly provides false information to an enforcement agency shall be subject to a civil penalty in an amount of not more than twenty-five thousand dollars (\$25,000) for each violation. An action for a civil penalty under this provision may be brought by any public prosecutor in the name of the people of the State of California and the penalty imposed shall be a lien on the property and enforceable as a civil judgment.

(g) A person or entity that is not in compliance with this section shall not demand rent, collect rent, issue a notice of rent increase, or issue a three-day notice to pay rent or quit pursuant to subdivision (2) of Section 1161 of the Code of Civil Procedure for a unit that has been deemed substandard or a unit that is part of a building that has been deemed substandard.

(h) This section does not apply to real property owned by either of the following:

(1) A governmental entity.

(2) A financial institution that has a recorded deed of trust on the real property that secures a loan and acquires possession of the real property pursuant to the terms and conditions of the loan. For the purposes of this section, “financial institution” is a bank, trust company, savings association, savings and loan association, industrial bank, finance lender in this state, residential mortgage lender, or credit union that is authorized to transact business under federal law or the laws of this state.

(i) A lender other than a financial institution that has a recorded deed of trust on the real property securing a loan and that acquires possession of the real property through judicial or nonjudicial foreclosure pursuant to the terms and conditions of the loan shall be exempt from this section for 60 calendar days after acquiring possession of the real property. For purposes of this subdivision, “lender” is a beneficiary under a deed of trust made or arranged by a financial institution or real estate broker.

(j) Nothing in this section affects the obligation of a person subject to this section to comply with any other provision of law or to comply with an order issued by an enforcement agency.

~~SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made~~



1 pursuant to Part 7 (commencing with Section 17500) of Division  
2 4 of Title 2 of the Government Code.

3     *SEC. 4. No reimbursement is required by this act pursuant to*  
4 *Section 6 of Article XIII B of the California Constitution because*  
5 *a local agency or school district has the authority to levy service*  
6 *charges, fees, or assessments sufficient to pay for the program or*  
7 *level of service mandated by this act, within the meaning of Section*  
8 *17556 of the Government Code.*

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